

BOARD OF BARBERING AND COSMETOLOGY

INITIAL STATEMENT OF REASONS

Hearing Date: May 21, 2007

Subject Matter of Proposed Regulations: Schedule of Fees

Section Affected: 998

Specific Purpose of each adoption, amendment, or repeal:

The adoption of establishing an application and examination fee of \$75 for cosmetologist, barber, electrologist, manicurist, and esthetician license types, and amendment for increasing the license renewal fee by \$10.00; would ensure the boards fees reflect its actual costs for developing, purchasing, grading, and administering the examination and to cover the expenses of the Board in performing its duties.

Factual Basis/Rationale

Business and Professions Code section 7421 indicates that the fees collected by the Board shall be in amounts necessary to cover the expenses of the Board in performing its duties. Business and Professions Code Section 7423 establishes the initial license fees as prescribed and also states that the application and examination fee shall be the actual cost to the board for developing, purchasing, grading, and administering the examination.

Board staff conducted a review of all expenditures that the BBC incurs to determine if the current application and examination, initial license fees, and renewal license fees cover the expenses of the Board in performing its duties. The review revealed that the current application and examination fees, and renewal fees do not support the cost incurred by the BBC in performing its duties for the related functions.

The BBC's current fees charged on the examination application (\$35.00 to \$50.00) are initial license fees. These fees are currently at the maximum allowed by statutes. The Board is not charging for application processing or for the administering of the examination. Additionally, a recent review of expenditures found that the BBC expends approximately \$75.00 per application processing, examining, and license issuance, which includes the costs for grading, and administering the computer-based written examination. Since this fee reflects the actual cost to the Board for said services, this fee would satisfies the statutory requirement. However, this will require an applicant to pay an application and examination fee and an initial license fee.

The proposal to establish an application and examination fee and increasing the license renewal fee would assist to stabilize the Boards fund conditions as the current fund condition indicated that in Fiscal Year 2008-2009 the Board of Barbering and

Cosmetology (BBC) may be facing a negative fund balance.

Underlying Data

Technical, theoretical or empirical studies or reports relied upon: The February 28, 2007 Board meeting adopting the modified proposed language for Section 998.

Business Impact

This regulation will not have a significant adverse economic impact on businesses. This initial determination is based on the following facts or evidence/documents/testimony: Fees collected for the proposed functions are collected from applicants for the examination and from licensees.

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulation would be either more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed regulation.

Set forth below is the alternatives that were considered and the reasons each alternative was rejected:

Alternative 1

Establish an application/examination fee for cosmetologist, barber, electrologist, manicurist, and esthetician license types, and do not increase the renewal fee.

Alternative 1 Rejection

Although this alternative would lessen some impacts to affected private persons, it would not ensure that the fees collected by the Board are sufficient amounts necessary to cover the expenses of the Board in performing its duties.

Alternative 2

Establish and arrive at an application/examination fee for cosmetologist, barber, electrologist, manicurist, and esthetician license types at rates equivalent to the cost of living increases over the past 12 years.

Alternative 2 Rejection

This alternative would lessen some impacts to affected private persons, the cost of living rates would not ensure that the fees collected by the Board are sufficient amounts necessary to cover the expenses of the Board in performing its duties. Additionally, this option would not support potential Budget Change Proposals for additional positions.